

# Ascot Resources USA (Ascot) Goat Mountain Prospecting Application Communications Plan -- June/July 2012

## Introduction

The Bureau of Land Management (BLM) announced today that it is releasing an Environmental Assessment (EA) related to two hardrock prospecting permit applications for geological exploration within the Gifford Pinchot National Forest northeast of the Mount St. Helens National Volcanic Monument (NVM). This EA has been jointly prepared by the BLM and the USFS.

The EA evaluates the environmental impacts of the proposed mineral exploration relative to reasonable alternatives.

Based on the EA, the U.S. Forest Service will determine whether or not to consent to a BLM decision to issue the prospecting permits along with such terms and conditions as are necessary to protect other resources and to comply with applicable land use plans. The U.S. Forest Service will issue a Decision Notice that includes consent (or denial of consent). The BLM is the lead Agency to sign the Record of Decision for the EA.

## Prospecting Permits

Mineral exploration and limited development in this part of the Mt. St. Helens mining district has occurred periodically for approximately 100 years. There are numerous mining claims in the area, and several parcels were patented from public domain under the Mining Law of 1872, while others are still held in Federal ownership. The proposed project being reviewed is only for limited small scale exploration drilling.

In 2011, Ascot USA, Inc. (Ascot) submitted applications for a two hardrock "prospecting permits" for approximately 900 acres of Mineral Survey lands (often referred to as the "Mt. Margaret Deposit") in the Gifford-Pinchot National Forest in the vicinity of Goat Mountain in Skamania County, Washington.

Because the subject lands were re-acquired by the Federal government, the hardrock minerals are managed by the BLM (lead agency), while the surface and other resources of such lands are managed by the United States Forest Service (USFS).

The area of interest adjoins Forest Service Road 2612, north of the Green River and just outside of the U.S. Forest Service Mount St. Helens National Volcanic Monument. Most of the lands are in the blast zone from the 1980 eruption of Mount St. Helens and were subsequently salvaged, logged, and reforested in the 1980s.

The acquired status of the subject lands removes them from operation under the Mining Law of 1872. Instead, all Federal minerals, including hardrock minerals, are available for prospecting under the authority for leasing hardrock minerals on lands acquired under provision of the **Week Act of 1911**. ~~pursuant to Section 402 of The Reorganization Plan No. 3 of 1946. This Plan transferred the authority functions of from the Secretary of Agriculture for disposal of hardrock minerals on acquired lands to the Secretary of the Interior. However, such lands may be leased only "when [the Secretary of Interior] is advised by the Secretary of Agriculture that such development will not interfere with the primary purpose for which the lands were acquired, and only in accordance with conditions as may be specified by the Secretary of Agriculture in order to protect such purposes."~~

**Hard-Rock Minerals with Acquired Status.** Under the authority of the Act of March 4, 1917, (the function of which was transferred from the Secretary of the Agriculture to the Secretary of the Interior by the President's Reauthorization Plan 3 of 1946), prospecting permits and leases may be issued for hard-rock minerals acquired by the United States.

Applicable regulations are found at 43 CFR 3505 for Prospecting Permits and Subpart 3509 for Fractional Interest Prospecting. By construct of regulation, the BLM has full discretion regarding issuance of a prospecting permit subject to the written consent of the US Forest Service.

A prospecting permit grants the exclusive right to prospect on and explore for leasable mineral deposits during the term of the permit. Only material needed to demonstrate the existence of a valuable mineral may be removed.

Pursuant to Reorganization Plan No. 3, , BLM may grant the applicant a noncompetitive lease if a valuable deposit is discovered during the permit term.

### **Communication Goals**

- Explain to the public, elected officials and interest groups the current status of administrative action on the prospecting permit application and the associated Environmental Assessment.
- Explain to the public, elected officials and interest groups the distinction between the BLM's and USFS's roles in the processing of the prospecting permit applications.
- Explain to the public, elected officials and interest groups the avenues available for appeal, public comments, etc.
- Targeted outreach to key media outlets in the Pacific Northwest.
- Three public scoping meetings took place in February/March 2012. The purpose of the meetings was to explain the proposed exploration and how the public could effectively provide input on the nature and range of issues to be addressed in the environmental assessment that was prepared by URS Corp., for the proposed mineral exploration drilling by Ascot USA, Inc.. Approximately 700 members of the public, BLM, USFS, Ascot, and URS staff attended the meetings.

### **Target Audience**

- U.S. Congresswoman Herrera-Butler
- U.S. Senator Cantwell
- U.S. Senator Murray
- U.S. Congressman Hastings
- U.S. Congresswoman McMorris-Rodgers
- U.S. Congressman Blumenauer
- Washington Governor Christine Gregoire
- Lewis County Commissioners
- Cowlitz County Commissioners
- Skamania County Commissioners
- Clark County Commissioners
- Trust for Public Lands
- Gifford Pinchot Task Force
- Southwest Washington Provincial Advisory Committee
- Yakama Tribe
- Cowlitz Tribe
- Southwest Washington Tourism Coalition
- Washington Trails Association
- Back Country Horsemen of Washington
- Northwest Mining Association
- Pacific Northwest Media Outlets

### **Key Messages**

- Following public scoping in February/March of 2012, an Environmental Assessment (EA) was prepared that addresses the proposed exploration plan and reasonable alternatives. The EA is now available for public review.

- The EA evaluates the environmental impacts of the proposed exploration relative to reasonable alternatives. Specifically, three alternatives were considered:

<b>No Action</b>	<i>No disturbance, new impacts, or change from current conditions.</i>
<b>Proposed Action</b>	<ul style="list-style-type: none"> <li>-Drill 63 directional core holes distributed over 23 mostly former pad sites (totaling approximately ¼ acre).</li> <li>-Develop additional geologic and mineralogical information for geological, mineralogical, and geotechnical evaluation.</li> <li>-Confine activities to a specified project area within the nearly 900 acres encompassed by Mineral Survey (MS) parcels 708, 774, 779, 1329, and 1330 on or adjacent to existing and former logging and other access roadways; and more specifically: <ul style="list-style-type: none"> <li>-In Sections 7, 8, 9, 16, 17, 18, and 19 of Township 10 North, Range 6 East, Willamette Meridian, Skamania County, Washington, on lands administered by the GPNF's Cowlitz Valley Ranger District.</li> <li>-Located approximately 12 miles northeast of the volcanic crater, on the edge of the 1980 Eruption blast zone.</li> </ul> </li> <li>-Temporarily reactivate selected roadways, including removal of trees and other vegetation that have sprouted on approximately 1.7 miles (about 3.3 acres) of the roads.</li> <li>- Fully reclaim all disturbances.</li> </ul>
<b>Alternative 3</b>	<p>Same as Proposed Action, except for several factors:</p> <ul style="list-style-type: none"> <li>- Limit onsite water use to 5,000 gpd. Any additional water needs would be met using off-project water sources.</li> <li>-Timing restriction in vicinity of the horse camp to avoid recreation conflicts.</li> <li>-Timing restriction and/or use of pads near top of mountain regarding owl habitat.</li> </ul>

- Three other alternatives were considered and eliminated in the planning process:
  - Overland travel to avoid road reactivation (physically impossible);
  - Less surface disturbance (unable to achieve exploration objectives); and
  - Limiting access along FS road 2612 and using roads in current condition (unsafe).
- Based on the EA, the U.S. Forest Service must determine whether or not to consent to a BLM decision to issue the prospecting permits along with such terms and conditions as are necessary to protect other resources and to comply with applicable land use plans. The U.S. Forest Service will issue a Decision Notice that includes consent (or denial of consent). The BLM is the lead Agency to sign the Record of Decision for the EA.
- Ascot applied for and was issued a drilling permit by the U.S. Forest Service to conduct drilling only for the undivided private 50 percent interest in the mineral estate on MS 708. All work was from existing roads and pads. Work commenced in the late summer of 2010, but was subsequent terminated and made part of the current prospecting permit applications..
- In the event prospecting indicates the presence of an economically valuable mineral deposit, any future leasing and site development would be dealt with as a separate action including preparation of a National Environmental Policy Act (NEPA) EIS and related administrative actions over which the BLM has full regulatory discretion.
- Because the subject lands were patented at the time of the Mount St. Helens National Volcanic Monument designation, including the existence of adjoining blocks of mining claims, Congress intentionally left them out of the volcanic area.
- The Monument Act did not create buffer zones nor place restriction on adjacent land use other than those in the applicable 1990 Gifford Pinchot National Forest Land and Resource Management Plan as amended by the Northwest Forest Plan of 1994.

- Neither plan prohibits mineral exploration.
- ~~The acquired status of the subject lands removes them from operation under the Mining Law of 1872. Instead, all Federal minerals, including hardrock minerals, are available for prospecting under the authority of the Mineral Leasing Act for Acquired Lands of 1947 pursuant to administration established by Section 402 of the Reorganization Plan No. 3 of 1946. This Plan transferred the functions of the Secretary of Agriculture for disposal of hardrock minerals on acquired lands to the Secretary of the Interior.~~
- The acquired status of the subject lands removes them from operation under the Mining Law of 1872. Instead, all Federal minerals, including hardrock minerals, are available for prospecting under the authority for leasing hardrock minerals on lands acquired under provision of the **Week Act of 1911**, pursuant to ~~Section 402 of The Reorganization Plan No. 3 of 1946. This Plan transferred the authority functions of~~ from the Secretary of Agriculture for disposal of hardrock minerals on acquired lands to the Secretary of the Interior. **However, such lands may be leased only "when [the Secretary of Interior] is advised by the Secretary of Agriculture that such development will not interfere with the primary purpose for which the lands were acquired, and only in accordance with conditions as may be specified by the Secretary of Agriculture in order to protect such purposes."**
- It is important to note that this is a separate, unconnected, and distinctly different action from the planning work that took place in 2008 regarding a former lease application from General Moly Inc., for the same lands.
- In 2008, the BLM concluded that it was **not** possible to determine if leasing would result in mineral development activities that would be compatible with Federal lands. BLM concluded that establishment of lease rights, even with a contingent right stipulation, would be premature until a valuable mineral resource was delineated as a basis for determination of whether development would be compatible with the purpose for which the lands were acquired by the Federal Government.

## Strategies

- Targeted outreach to public, elected officials and interest groups about current status of the Ascot prospecting permit applications and the associated EA.
- Targeted outreach to Pacific Northwest media outlets about the current status of the Ascot prospecting permit applications and the associated EA.
- Conveying that the prospecting permit is an initial step in logical process for determining whether a valuable mineral deposit exists within the area described in the applications as well as subsequent steps that would be required, including NEPA review and public comment before the Forest Service could consider consenting to leasing.
- Establishing a thorough understand of the BLM's role in the prospecting permit process, as well as the avenues available for appeal, public comments, etc.

## Timeline

<b>Ascot Resources USA (Ascot) Mt. Margaret Deposit Communications Plan June/July 2012</b>				
<b>Date</b>	<b>Item/Action</b>	<b>Lead Responsibility</b>	<b>Audience</b>	<b>Delivery Method</b>
Late June/Early July	<b>Collateral materials, communications plan, early alert, briefing papers, etc. to Washington Office</b>	Michael Campbell – OR912 (503) 808-6031	Washington Office Communications	Email
Late June/Early July	<b>Congressional Contacts – Distribute</b>	Gifford Pinchot National Forest	Michael Campbell contact local and Washington, D.C.	Phone and e-mail

## Ascot Resources USA (Ascot) Mt. Margaret Deposit Communications Plan June/July 2012

Date	Item/Action	Lead Responsibility	Audience	Delivery Method
	<b>copies of press release and fact sheet</b>	Michael Campbell – OR912 (503) 808-6031	Offices of Congresswoman Herrera-Butler, Congressman Hastings, Inslee, Congresswoman McMorris, and Senators Cantwell and Murray.	
Late June/Early July	<b>Local Contacts</b>	Gifford Pinchot National Forest	Local county commissioners (Chehalis County Commissioners, Cowlitz County Commissioners, Skamania County Commissioners, Clark County Commissioners), and local communities.	Phone and e-mail
Late June/Early July	<b>Northwest Mining Association</b>	Fred O'Ferrall – OR930	<b>Northwest Mining Association</b>	Phone and e-mail
Late June/Early July	<b>Washington Department of Ecology</b>	Fred O'Ferrall – OR930	<b>Washington Department of Ecology</b>  Dick Wallace: Regional Director: Southwest Region: 360-407-6307  Iloba Odum: Field Office Director: 360-690-7170	Phone and e-mail
Late June/Early July	<b>Provide OR955 with proposed EA to be posted to BLM internet.</b>	Michael Campbell – OR912 (503) 808-6031	Public	Internet
Late June/Early July	<b>Proposed EA released to the public for commencement of 30-day comment period</b>	Fred O'Ferrall – OR930	Public	Internet/Newspapers
Late June/Early July	<b>Press release regarding the availability of the proposed EA</b>	Michael Campbell – OR912 (503) 808-6031  Tom Knappenberger – USFS Region 6 Communications (503) 808-2241  Gifford Pinchot National Forest	Local media contact list  Portland area contact list Vancouver area contact List	Fax and e-mail. Post to State Office website
Late June/Early July	<b>Issue Decision Record</b>	Fred O'Ferrall – OR930  Michael Campbell – OR912 (503) 808-6031	Many of the communications items discussed above would be repeated as appropriate.	See communications items above.

### Questions and Answers

## How are the prospecting permit applications different than the 2008 lease applications?

It is important to note that this is a separate, unconnected, and distinctly different action from the planning work that took place in 2008 regarding former lease applications from General Moly Inc., for the same lands. In April 2008, the Bureau of Land Management (BLM) announced that it had decided to move forward with the “No Action” alternative in the March 2007 environmental assessment (EA) and reject the hardrock lease application. BLM concluded that after careful consideration of the application, findings of the 2008 EA, and public comments, it was not possible to determine if leasing would result in mineral development activities that would be compatible with Federal lands. Furthermore, the BLM determined that establishment of lease rights, even with a contingent right stipulation, would be premature until a valuable mineral resource was delineated as a basis for determination of whether development would be compatible with the purpose for which the lands were acquired by the Federal Government.

Issuance of the prospecting permits does not entitle Ascot to any lease rights. Rather, the permits would only authorize Ascot to conduct limited hardrock mineral exploration.

## If the EA is approved what's the next step in the process, and would the BLM be involved in future steps?

Based on EA, the U.S. Forest Service must determine whether or not to consent to a BLM decision to issue the prospecting permits along with such terms and conditions as are necessary to protect other resources and to comply with applicable Forest Land and Resource Management Plan as amended by the Northwest Forest Plan of 1994. The U.S. Forest Service will issue a Decision Notice that includes consent (or denial of consent). The BLM is the lead Agency to sign the Record of Decision for the EA.

## Is the BLM or the U.S. Forest Service the ultimate decision-maker in this EA?

The BLM and USFS have jointly prepared the Environmental Assessment (EA) based on Ascot's Exploration Plan. BLM will be the lead agency with jurisdiction for the federal action (issuance of the prospecting permit), and will sign a Decision Record (DR) and the Finding of No Significant Impact (FONSI).

## What is MS 708? How big is it?

MS-708 is one of the five parcels, listed below, encompassed by the two hardrock prospecting permit applications filed In March 2011, by Ascot USA Inc., (a wholly owned subsidiary of Ascot Resources Ltd., a for two hardrock prospecting permits encompassing approximately 900 acres of Mineral Survey lands in the western part of the State within the Gifford Pinchot National Forest. Minerals applied for include copper, molybdenum, silver and gold and associated minerals.

Name	Serial #	Patent Date	Acres	Lot #
Germania Group	114944	March 21, 1910	217.273	MS 708*
Index Group	43393	March 8, 1906	247.932	MS 779**
Earl Group	43189	November 20, 1906	266.148	MS 774**
Judy/April Group	46820016	August 6, 1982	163.892	MS 1329**
Wendy Group	46820017	August 6, 1982	2.699	MS 1330**
<b>Total Area Under Application</b>			<b>897.944</b>	

\* Federal surface with split mineral estate 50% Federal & 50% private (Fractional Interest Prospecting Permit WAOR – 066973)

\*\* Full Fee Federal surface and mineral estate (Prospecting Permit WAOR – 066628)

The subject lands are located in portions of Sections 7, 8, 9, 16, 17, 18, and 19 of Township 10 North, Range 6 East, Willamette Meridian, Skamania County, Washington, on or adjacent to the southwest facing slope of Goat Mountain in the Mount St. Helens Mining District.

Unlike the other 4 parcels which are full fee federal surface and mineral, the mineral estate on MS-708 is divided into two unspecified mineral interests with one-half in private ownership and the other 50% in the public domain. Ascot has entered into a purchase option with General Moly Inc., for acquisition of their 50% interest in the mineral estate and at the same time applied for a fraction interest prospecting permit for the federal portion.

**What is the nature of the administrative decision process that the USFS and the BLM are required to undertake as the result of Ascot USA's prospecting permit applications?**

Ascot proposes to carry out geotechnical/geological exploration by directional diamond core drilling of approximately 63 NQ diameter holes using portable equipment operating on 23 pad sites many of which were previously established by Duval when they held patent to the subject lands. Each drill sites will occupy less than 400 square feet for a total disturbance of less than one-quarter acre. Access to these sites will require the temporary reactivation of approximately 1.7 miles (~3.1 acres) of former trails. All disturbances will be fully reclaimed.

The BLM and USFS have jointly prepare an Environmental Assessment (EA) based on Ascot's Exploration Plan. BLM will be the lead agency with jurisdiction for the federal action (issuance of the prospecting permit), and will sign a Decision Record (DR) and the Finding of No Significant Impact (FONSI).

Based on findings of the EA, the USFS must determine whether or not to consent to the BLM's decision to issue the prospecting permit along with such terms and conditions as are necessary to protect other resources and to comply with applicable land use plans. The USFS will issue a Decision Notice that includes consent (or denial of consent) and a separate FONSI.

**Is this action being taken under the Minerals Leasing Act, the 1872 mining law, or a combination of laws and regulations?**

- The acquired status of the subject lands removes them from operation under the Mining Law of 1872. Instead, all Federal minerals, including hardrock minerals, are available for prospecting under the authority for leasing hardrock minerals on lands acquired under provision of the **Week Act of 1911**. ~~pursuant to Section 402 of The Reorganization Plan No. 3 of 1946. This Plan transferred the authority functions of~~ from the Secretary of Agriculture for disposal of hardrock minerals on acquired lands to the Secretary of the Interior. **However, such lands may be leased only "when [the Secretary of Interior] is advised by the Secretary of Agriculture that such development will not interfere with the primary purpose for which the lands were acquired, and only in accordance with conditions as may be specified by the Secretary of Agriculture in order to protect such purposes."**

Applicable regulations are found at 43 CFR 3505 for Prospecting Permits and Subpart 3509 for Fractional Interest Prospecting. By construct of regulation, the BLM has full discretion regarding issuance of a prospecting permit subject to the written consent of the US Forest Service.

Under the President's Reorganization Plan 3 of 1946, Section 402 authority to lease hardrock minerals on acquired lands within National Forests was transferred to the Secretary of Interior. See FSM 2822.13 and 43 CFR 3501.1(b). These statutes and their implementing regulations, orders, and notices authorize the BLM to issue prospecting permits and leases and to approve and administer any subsequent operations regarding exploration, development, production, and transportation of federally owned leasable minerals, including those within the National Forest system. The BLM's leasing authority and USFS consent are discretionary actions and must comply with NEPA; the Federal Land Policy and Management Act of 1976, as amended (PL 94-579); the Forest and Rangeland Renewable Resources Planning Act, PL 93-378, as amended by the National Forest Management Act, PL 94-588; and other applicable statutes, regulations, Executive Orders, manuals, handbooks, and land use plans.

**Can BLM issue a prospecting permit today for the same lands sought for prospecting by Vanderbilt Gold Corp. that was denied in 1993?**

Yes. The regulations have changed since the date of the Vanderbilt decision. Under 43 C.F.R. §.3505.10, the BLM may issue a prospecting permit to determine whether a valuable deposit exists. This is a higher standard than the previous workability standard which applied in 1993, which does not take into account costs other than direct costs.

**If Ascot discovers a valuable deposit would it be entitled to a preference right lease?**

No. Prospecting permits administered under the authority of Reorganization Plan No. 3 of 1946 only entitle the permittee to apply for a noncompetitive lease if a valuable deposit is discovered during the term of the permit.

### **What is a valuable deposit?**

A valuable deposit means an occurrence of minerals of such character that a person of ordinary prudence would be justified in the further expenditure of labor and means with a reasonable prospect of success in developing a profitable mine.

### **Why did the USFS re-acquire these lands and is mineral prospecting permitted?**

Following acquisition by Pennzoil, Duval divested its hardrock mineral holdings in 1984. The subject lands were subsequently acquired by the USFS in June 1986 through donation and purchase, mostly from the Trust for Public Lands (TPL), with the exception of the privately held undivided 50 percent mineral right in MS-708. As the surface management agency, the USFS will use the environmental analysis to determine if the exploration activity would interfere with the primary purposes for which the lands were acquired.

The subject lands were acquired by the United States under the authority of the Weeks Law of 1911. According to the direction of Congress, the Act of March 1, 1911 authorized the Secretary of Agriculture to purchase lands for the purposes of regulating the flow of navigable streams or for the production of timber. In a letter from the USFS to some members of Congress representing this area, and to the County Commissioners, the Agency acknowledged that the acquisition of lands in the Goat Mountain area "will aid in the preservation of the integrity of the Green River prior to its entering the National Volcanic Monument, and will also aid in the preservation of the scenic beauty of this area which is to become an important Monument portal."

The proposed activity must also be consistent with the Gifford Pinchot National Forest Land and Resource Management Plan, as amended. The USFS decision will be documented in a Decision Notice and a FONSI, as appropriate.